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SOCIAL SECURITY AND 1976 POLITICS

ANNCR:

SOME SERIOUS QUESTIONS HAVE BEEN RAISED IN RECENT YEARS ABOUT THE FUTURE OF THE AMERICAN SOCIAL SECURITY SYSTEM, AND THESE DAYS THE PRESIDENTIAL CANDIDATES ARE BEGINNING TO TALK ABOUT THE ISSUE. CHARLES MEDD EXPLAINS WHY THE SUBJECT IS GETTING SO MUCH ATTENTION IN 1976 AND WHY THE ELECTION CAMPAIGN IS NOT LIKELY TO PRODUCE MUCH MORE THAN TALK.

VOICE:

SOCIAL SECURITY HAS BECOME A CAMPAIGN ISSUE FOR ONE SIMPLE REASON -- THE NATION'S HUGE PUBLIC INSURANCE PROGRAM, DESIGNED IN 1935 ON A SELF-FINANCING BASIS, IS SUDDENLY LOSING MONEY, AND THE VOTERS ARE WORRIED. THIS YEAR, AMERICAN WORKERS AND THEIR EMPLOYERS WILL JOINTLY CONTRIBUTE SOME SEVENTY-TWO THOUSAND MILLION DOLLARS IN SOCIAL SECURITY TAXES. THAT SUM IS FIVE THOUSAND, THREE HUNDRED MILLION DOLLARS LESS THAN THE TOTAL BENEFITS DUE IN 1976, AND THE GAP WILL GROW IN THE YEARS AHEAD UNLESS DRASTIC CHANGES ARE MADE.

WHEN SOCIAL SECURITY BEGAN SOME FORTY YEARS AGO, A PAYROLL TAX OF TWO CENT, LEVIED AGAINST THE FIRST THREE THOUSAND DOLLARS OF EACH WORKER'S INCOME, THE AMOUNT THEN MATCHED BY HIS EMPLOYER, WAS ENOUGH TO FINANCE THE BENEFITS: PENSIONS FOR THE RETIRED AND INSURANCE FOR FAMILIES OF WORKERS WHO DIED BEFORE RETIREMENT AGE. TO MEET THE COST OF HIGHER AND MORE VARIED BENEFITS, INCLUDING THE LATEST ADDITION, HEALTH CARE FOR THE AGED, CONGRESS HAS RAISED THE TAX FORMULA ONE DOZEN TIMES. TODAY, WORKERS AND THEIR

EMPLOYERS PAY A COMBINED FIGURE OF JUST UNDER TWELVE PER CENT ON ALL ANNUAL INCOME UP TO FIFTEEN THOUSAND, THREE HUNDRED DOLLARS, A SUM THAT WILL RISE AGAIN NEXT JANUARY TO MEET INFLATION.

BUT INFLATION IS ONLY PART OF THE PROBLEM. MORE IMPORTANT IS THE CHANGING STRUCTURE OF THE AMERICAN SOCIETY. FOR EVERY ONE HUNDRED WORKERS, THIS YEAR THIRTY AMERICANS WILL DRAW SOCIAL SECURITY BENEFITS. BUT THE RECENT SHARP DECLINE IN THE NATION'S BIRTHRATE MEANS FEWER WORKERS IN THE IMMIEDATE FUTURE -- TOO FEW, IT'S CLEAR, TO PAY FOR THE VASTLY INCREASED WORK FORCE HEADING EVENTUALLY FOR RETIREMENT. THE 1976 DEFICIT, WHILE BAD ENOUGH, CAN BE REMEDIED THROUGH RELATIVELY MINOR TAX ADJUSTMENTS, BUT WHAT, THE VOTERS ARE ASKING, ABOUT THE FUTURE?

TO A MAN, THE POLITICANS RULE OUT ANY THOUGHT OF LOWERING THE BENEFITS. THE DEMOCRATS OPPOSE HIGHER TAX RATES, SAYING THEY PLACE AN UNFAIR BURDEN ON THE WORKERS, WHILE MOST REPUBLICANS OPPOSE AN INCREASE IN THE LEVEL OF TAXABLE INCOME, SAYING THAT HURTS THOSE WHO NEED SOCIAL SECURITY THE LEAST. SOME FEEL THE DEFICIT CAN AND SHOULD BE OFFSET BY CONTRIBUTIONS FROM GENERAL REVENUES, BUT THE FORD ADMINISTRATION AND OTHER OPPONENTS ARGUE SUCH A MOVE WOULD ELIMINATE THE BASIC CONCEPT THAT SOCIAL SECURITY IS A RIGHT EARNED BY EACH WORKER, AND NOT A WELFARE PROGRAM.

IF ASKED, THE CANDIDATES ALL SAY THEY'RE "FOR" SOCIAL SECURITY, JUST AS THEY FAVOR MOTHERHOOD AND PROSPERITY, AND

THAT SOMETHING MUST BE DONE TO PRESERVE IT FOR FUTURE GENERATIONS. BUT BECAUSE OF CONFLICTING VOTER INTERESTS, WE MAY NOT LEARN WHAT THAT "SOMETHING" IS UNTIL AFTER THE THE FINAL BALLOTS ARE COUNTED.

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JS/CAK